out paying for them, spoliating thereby his creditor and underselling and ruining the honest trader."

The paper advocated a revision of the law and demanded that debtors should be obliged to make a composition on the basis of the ratio existing between the assets and the liabilities, or with a variation of only 10 or 20 per cent of this proportion. As matters now stand a dishonourable merchant is entitled to file a demand for a "Concordat préventif" though his assets may far exceed his liabilities. He is then allowed to pay 40 or 60 per cent of his debts, and after they have been thereby considerably reduced is even accorded a delay of several years to pay them off. With such facilities at hand the majority of merchants did not scruple to avail themselves of the opportunity of repudiating their engagements and so getting rich quickly. The consequence is that commerce has been completely dislocated through the complete suppression of credit which naturally followed. The Under-Secretary of Justice in the Iorga-Argentoianu Government, M. N. Lenguceanu, overtly admitted in the *Neamul Romanesc*, September 5th, 1930, that the above-mentioned law "had permitted merchants, 98 per cent of whom were foreigners, overtly to despoil their creditors." Another very serious defect from which Rumanian legislation suffers is the tendency to enact laws with retroactive effect, which permits the invalidation of contracts, thus creating a state of instability that affects most adversely all commercial and financial operations. For how can foreign investors risk their capital in a country where uncertainty and instability have become its distinguishing features?

Senator Marino, on February 26th, 1932, deplored the disrespect shown for contracts, criticized the State for various measures passed undermining confidence, among which was the moratorium of 1919–1920 by which foreigners had lost some 7 milliard lei, and demanded the granting of serious guarantees which would instil confidence once more. Similar pronouncements by public men abound, for the serious consequence of the present policy are obvious to all.

Professor Flinders Petrie once stated (*Contemporary Re-*

gradually imbued people with the conviction that engagements and promises need not be considered seriously, and that on the contrary, elusion of obligations is a mundane affair and a fashionable art which should be cultivated assiduously. As a result, not only debtors always find means to avoid paying, but taxpayers also use every possible stratagem to avoid payment of taxes. There are huge arrears of taxes that remain uncollected, every imaginable trick being resorted to by taxpayers in order to escape from their monetary obligations to the State. The present tremendous falling off in the revenue should mainly be ascribed to this reason, as well as to the venality of the tax-collectors, whose leniency is secured by a slight gratification whenever they tend to become over sedulous in the execution of their duties. M. N. Petrascu, a fashionable speaker, while delivering an address at the Rumanian Social Institute in Bucarest on May 18th, 1932, asserted, "we should explain the non-realization of the budgetary revenue forecasts by the fact that our civic consciousness is not sufficiently developed to allow us to understand that by paying our taxes we fulfil an elementary duty; this is also the reason why fiscal frauds have attained extraordinary and unimaginable proportions. . . ."

The utter disregard of contracts and formal engagements can hardly be better illustrated than by the attitude of the State Railways administration in rescinding contracts with metallurgical establishments at Arad, Braila, and Reşiţa, contracts on the basis of which these very workshops were built. Another flagrant case of repudiation of solemn promises by an official organization is that of the municipality of Cluj which, after confirming a contract with the society "Electrobel" for a duration of fifty years, and after the Brussels firm had carried out 80 per cent of the work it had undertaken to perform, was requested by the municipality, hardly one year after signature of contract, to alter its provisions which had received the royal assent and had been unanimously approved and passed by the municipal council. The municipality brazenly demanded a reduction in the time period of the concession originally granted, namely from 50 years to 15, an increase in the royalty payable to the municipality from 3 per cent to 6 per cent, and

the right of the municipality to demand a revision of the price of the electric current supplied by the "Electrobel" whenever and as often as the municipality might think fit!

The "Electrobel" had completed the work contracted for to the extent of 80 per cent and had sunk millions in the undertaking in hand. Naturally it had made its calculations for a return on its capital on the terms of the original contract. If the clauses of the latter are to be so radically and arbitrarily altered it is bound to incur a huge loss. Such treatment meted out to the foreign capitalist has had the result of frightening him away for good, though his aid would have proved of inestimable value in helping Rumania to-day to surmount the difficulties with which she is confronted.

Owners of real property have also been very unjustly hit by a law promulgated in February, 1932, decreeing that all rents should be reduced by 25 per cent to 30 per cent, all existing contracts being rendered void. Most owners were already in a precarious situation, for they had built with borrowed money, and the recent drop in rents made it impossible for them to meet their engagements and pay off their mortgages, and as a consequence of this an immense number of buildings were being sold up for default, as the *Adeverul* for January 21st, 1932 records. This law, therefore, will complete the ruin of another class of the urban population, and will impress on the minds of all intending investors that it is as risky a proceeding to invest one's money in Rumania as in Soviet Russia. Various municipalities are doing their best to attract unwary investors by holding out to them the most alluring prospectuses and dazzling promises, and it would be well to sound a note of warning so that no more British capital be enticed into Rumanian enterprises, which have proved a veritable bottomless pit.

The writer also committed the folly of relying on the relative immutability of the law, as is customary in other European countries, and leased a certain site in a fashionable Rumanian resort for the purpose of constructing certain dwellings and letting them, all buildings to revert to the original owner of the site after the expiration of a ten-year period. The law reducing rents forces down the revenue by

426 25 to 30 per cent, but on the other hand, no corresponding
● 675 increase in the time limit of the lease can be secured, and
427 there is no authority to which one may appeal. Besides, how can one possibly expect to receive more favourable treatment than the banks, which have been ruined by the enforcement of the law cancelling agrarian debts. What is truly surprising is that the Government had been seriously considering the passing of yet another law, cancelling all private urban debts, which, after all, would only have been the natural complement of the agrarian prototype, but this it was prevented from doing by the French financial experts! Rumanian politicians seem to be grievously deficient in the conception of what constitutes right, for otherwise it is impossible to explain the enactment of laws which not only undermine the very foundations of credit but also of property. That this
693 is so may also be inferred from the not very high standing of the judicial administration, which, if the scandals of 1926 be recollected, certainly needs to be overhauled. The then Government of General Averescu, under pressure of an outraged public at the scandalous venality of some judges, was obliged to dismiss several magistrates, including the President of the Bucharest Court, on account of "acts which were found incompatible with the dignity of magistrates," to quote the *Argus* of October 30th and the *Cuvantul* of October 23rd, 1926. Nor can one pass in silence the undignified attitude of the highest magistrate in Rumania, the then President of the highest Court of Appeal, who, setting at naught the findings of the Court, attempted by all imaginable subterfuges and chicanery to evade its verdict, which was unfavourable to him. (See an article headed "When you apply the law, and when it is applied to you" in the *Cuvantul*, October 6th, 1926). . . .

ooo Professor Henry Sedgwick, in his "Elements of Politics," opines that "in determining a nation's rank in political civilization no test is more decisive than the degree in which justice, as defined by law, is actually realized in its judicial administration." Judged by this criterion, Rumania must indeed stand very low in the scale of nations, for the law is sadly deficient, as is woefully admitted even by Rumanians themselves. The *Adeverul* of March 3rd, 1932 wrote: "By